



**REPORT OF
THE
STATE AUDITOR**

**STATE OF COLORADO
STATEWIDE SINGLE AUDIT**

Fiscal Year Ended June 30, 2001

**LEGISLATIVE AUDIT COMMITTEE
2002 MEMBERS**

Senator Jack Taylor
Chairman

Senator Ron Tupa
Vice-Chairman

Senator Norma Anderson
Representative Fran Coleman
Representative Glenn Scott
Senator Stephanie Takis
Representative Val Vigil
Representative Tambor Williams

Office of the State Auditor Staff

Joanne Hill
Acting State Auditor

Debra Burgess
Sally Symanski
Corey Barkwill
Tyra Bischoff
Cheryl Cassell
Jerrod Cotosman
Melissa Deimling
Dana Harris
Michael Henthorn
Cynthia Hochmiller
Nancy Howe
Kerri Hunter
Cindi Radke
Greg Tanner
Legislative Auditors



STATE OF COLORADO

Joanne Hill, CPA
Acting State Auditor

OFFICE OF THE STATE AUDITOR
(303) 866-2051
FAX (303) 866-2060

Legislative Services Building
200 East 14th Avenue
Denver, Colorado 80203-
2211

January 29, 2002

Members of the Legislative Audit Committee:

Included herein is the report of the Statewide Single Audit of the State of Colorado for the fiscal year ended June 30, 2001. The audit was conducted under the authority of Section 2-3-103 et seq., C.R.S., which authorizes the State Auditor to conduct audits of all state departments, institutions, and agencies.

The purpose of this report is to present the results of the Statewide Single Audit for the year ended June 30, 2001. The report includes our audit opinion on the General Purpose Financial Statements and the supplementary Schedule of Expenditures of Federal Awards. It also contains our findings, conclusions, and recommendations, and the responses of the respective state agencies.

The report may not include all of the findings and recommendations related to audits performed of state institutions and agencies. Some findings and recommendations are issued under separate report covers. However, in accordance with the Single Audit Act, this report includes all findings and questioned costs related to federal awards that came to our attention through either the statewide audit or separate audits.

The report is intended solely for the use of management and the Legislative Audit Committee and should not be used for any other purpose. This restriction is not intended to limit distribution of the report, which, upon release by the Legislative Audit Committee, is a matter of public record.

TABLE OF CONTENTS

	PAGE
REPORT SUMMARY	1
Recommendation Locator	7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	
FINANCIAL STATEMENT FINDINGS	
Department of Agriculture	27
Department of Corrections	31
Department of Health Care Policy and Financing	35
Department of Higher Education	49
Department of Human Services	53
Department of Labor and Employment	61
Department of Military Affairs	63
Department of Natural Resources	71
Department of Personnel and Administration	85
Department of Revenue	109
Office of the State Treasurer	119
Department of Transportation	127
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS	
Department of Health Care Policy and Financing	131
Department of Higher Education	187
Department of Human Services	201
Department of Labor and Employment	237

	PAGE
Department of Military Affairs	255
Department of Public Health and Environment	257
Office of the State Treasurer	271
Department of Transportation	273
Summary of Auditor's Results	277
Disposition of Prior Audit Recommendations	281

FINANCIAL STATEMENT SECTION

Independent Auditor's Report	301
GENERAL PURPOSE FINANCIAL STATEMENTS	303
Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Units	304
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types, Expendable Trust Funds, and Discretely Presented Component Units	306
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budgetary Basis - Budget and Actual - General Funded	308
Combined Statement of Revenues, Expenditures/Expenses, and Changes in Fund Balances/Equity - Budgetary Basis - Budget and Actual - Cash Funded	310
Combined Statement of Revenues, Expenditures/Expenses, and Changes in Fund Balances/Equity - Budgetary Basis - Budget and Actual - Federally Funded ..	311
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units	312
Combined Statement of Cash Flows - All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units	314
Statement of Net Assets - All Pension and Investment Trust Funds, and Discretely Presented Component Units	318

	PAGE
Statement of Changes in Net Assets - All Pension and Investment Trust Funds, and Discretely Presented Component Units	319
Combined Balance Sheet - All College and University Funds	320
Combined Statement of Changes in Fund Balance - All College and University Funds	322
Notes to the Financial Statements	324

FEDERAL AWARDS SCHEDULE

Schedule of Expenditures of Federal Awards	367
Notes to the Schedule of Expenditures of Federal Awards	484

COMPLIANCE AND INTERNAL CONTROL REPORTS

Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	487
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 .	489

APPENDICES

Appendix A - Federal Single Audit Recommendation Locator	A-1
Appendix B - Audit Adjustments	B-1